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SECURITIES



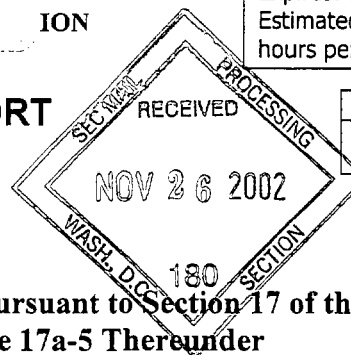
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Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**



SEC FILE NUMBER
8- <del>74394</del>

47394

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10/01/01 AND ENDING 09/30/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:  
Beacon Global Advisors, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4550 Montgomery Avenue, Suite 302 North

(No. and Street)

Bethesda

(City)

MD

(State)

20814

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John H. Groth

301-664-5600

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Sanville & Company

(Name - if individual, state last, first, middle name)

1514 Old York Road

(Address)

Abington

(City)

PA

(State)

19001

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

DEC 04 2002

**THOMSON  
FINANCIAL**

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

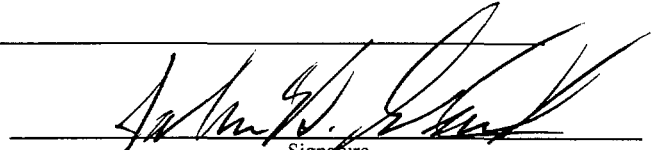
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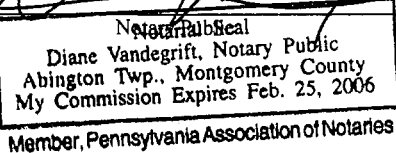
## OATH OR AFFIRMATION

I, John H. Groth, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beacon Global Advisors, Inc., as of

September 30, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

  
  
Notary Public  
Diane Vandegrift, Notary Public  
Abington Twp., Montgomery County  
My Commission Expires Feb. 25, 2006  
Member, Pennsylvania Association of Notaries

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- N/A\* ☐ (m) A copy of the SIPC Supplemental Report.
- N/A ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

\* Minimum assessment in effect.

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA

*Sanville & Company*  
CERTIFIED PUBLIC ACCOUNTANTS

1514 OLD YORK ROAD  
ABINGTON, PA 19001

(215) 884-8460  
FAX (215) 884-8686

MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Beacon Global Advisors, Inc.

We have audited the accompanying consolidated statement of financial condition of Beacon Global Advisors, Inc. and subsidiary (the Company) as of September 30, 2002, and the related consolidated statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beacon Global Advisors, Inc. and subsidiary as of September 30, 2002, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abington, Pennsylvania  
October 22, 2002

*Sanville & Company*  
Certified Public Accountants

BEACON GLOBAL ADVISORS, INC.  
Consolidated Statement of Financial Condition  
September 30, 2002

ASSETS

Cash	\$ 590
Receivables:	
Clearing broker	32,345
Other	1,883
Deposit with clearing broker (Note 6)	75,944
Securities owned, not readily marketable, at estimated fair value	3,300
Furniture, equipment and capital lease at cost less accumulated depreciation and amortization of \$58,361 (Notes 3 and 10)	45,912
Deposits and other assets	<u>35,315</u>
Total assets	<u>\$ 195,289</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ 27,350
Rent deposit sublease	3,000
Obligations under capital leases (Note 10)	<u>23,023</u>
Total liabilities	<u>53,373</u>
Commitments and contingent liabilities	
Stockholder's Equity:	
Common stock, \$.01 par value, authorized - 1,000 shares, issued and outstanding - 100 shares	1
Additional paid-in capital	851,492
Retained earnings (deficit)	<u>(709,577)</u>
Total stockholder's equity	<u>141,916</u>
Total liabilities and stockholder's equity	<u>\$ 195,289</u>

The accompanying notes are an integral part of these financial statements.

BEACON GLOBAL ADVISORS, INC.  
Consolidated Statement of Income  
For the Year Ended September 30, 2002

REVENUE

Commissions	\$ 677,535
Fees	76,070
Interest	2,571
Other (Note 7)	<u>70,033</u>
Total revenue	<u>826,209</u>

EXPENSES

Salaries and other employment costs	340,880
Professional fees	132,372
Occupancy costs and equipment rental	118,419
Travel and entertainment	61,239
Office expenses	60,224
Communication expenses	28,666
Advertising and promotion	22,280
Depreciation and amortization	19,156
Other	13,495
Regulatory fees and expenses	7,955
Commissions	3,528
Interest	<u>2,109</u>
Total expenses	<u>810,323</u>
Net income	<u>\$ 15,886</u>

The accompanying notes are an integral part of these financial statements.

BEACON GLOBAL ADVISORS, INC.  
Consolidated Statement of Changes in Stockholder's Equity  
For the Year Ended September 30, 2002

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance at October 1, 2001	100 \$	1 \$	851,492 \$	(725,463) \$	126,030
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,886</u>	<u>15,886</u>
Balance at September 30, 2002	<u>100 \$</u>	<u>1 \$</u>	<u>851,492 \$</u>	<u>(709,577) \$</u>	<u>141,916</u>

The accompanying notes are an integral part of these financial statements.

BEACON GLOBAL ADVISORS, INC.  
Consolidated Statement of Changes in Subordinated Borrowings  
For the Year Ended September 30, 2002

Subordinated borrowings at October 1, 2001	\$ -
Increases:	-
Decreases:	-
	<hr/>
Subordinated borrowings at September 30, 2002	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

BEACON GLOBAL ADVISORS, INC.  
Consolidated Statement of Cash Flows  
For the Year Ended September 30, 2002

Cash flows from operating activities:

Net income	\$ 15,886
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	19,156
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivable from clearing broker	9,436
Deposit with clearing broker	7,534
Other receivable	( 683)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(47,841)
Rent deposit sublease	3,000
	<hr/>
Net cash provided by operating activities	6,488

Cash flows from financing activities:

Principal payments under capital lease obligations	<hr/> (12,362)
Net cash expended in financing activities	<hr/> (12,362)

Net decrease in cash	( 5,874)
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Cash at beginning of year	<hr/> 6,464
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Cash at end of year	\$ <hr/> <hr/> 590
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Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest paid	\$ 2,109
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The accompanying notes are an integral part of these financial statements.



BEACON GLOBAL ADVISORS, INC.  
Notes to Consolidated Financial Statements  
September 30, 2002

1. ORGANIZATION

Beacon Global Advisors, Inc. and Subsidiary (the "Company"), a wholly owned subsidiary of Beacon Global Advisors, Ltd. (the "Parent"), is a broker-dealer registered with the Securities and Exchange Commission and is also a member of the National Association of Securities Dealers, Inc. The Company is also a registered investment advisor with the State of Maryland. Through a wholly owned subsidiary, Navigator Insurance Group, Inc., the Company operates an insurance brokerage company. The Company, like other securities firms, is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities, changes in interest rates and securities brokerage services, all of which have an impact on the Company's liquidity. The Company has a division named BeaconVentureCapital.com which is an Internet-based financial services and venture capital enterprise. It was organized to link independent broker-dealers and their individual clients, family offices, private bankers and interested institutional investors with private equity investment opportunities, primarily in early-to-late stage financing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Reporting* – The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of Navigator Insurance Group, Inc., which is 100% owned by the Company. All material intercompany transactions and accounts have been eliminated.

*Revenue* – Securities transactions (and related revenue and expense, if applicable) are recorded on a settlement date basis, generally the third business day following the transaction date. This is not materially different from trade date basis.

*Property and Depreciation* – Furniture and equipment are depreciated generally on an accelerated basis over their estimated useful lives (three to seven years).

*Income Taxes* – The Company's method of accounting for income taxes conforms to Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS No. 109") (Note 8). This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities.

*Investment banking fees* – Fees for investment banking services are recorded when the transaction has been completed. Expenses are recorded as incurred.

*Fair Value of Securities* – The market value of securities owned is determined by the Company using quoted market prices, dealer quotes and prices obtained from independent third parties.

BEACON GLOBAL ADVISORS, INC.  
Notes to Consolidated Financial Statements (Continued)  
September 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

3. FURNITURE AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2002:

Equipment under capital leases	\$ 50,456
Furniture and equipment	53,817
Less: accumulated depreciation and amortization	<u>(58,361)</u>
	<u>\$ 45,912</u>

Depreciation and amortization expense for the year ended September 30, 2002 was \$19,156.

4. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT

The Company will operate in accordance with the exemptive provision of paragraph (k)(2)(B) of SEC Rule 15c3-3. All customer transactions are cleared through Bear Stearns Securities Corporation (“Bear Stearns”) on a fully disclosed basis.

5. NET CAPITAL REQUIREMENTS

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934 which prohibits a broker-dealer from withdrawing corporation capital except upon six months’ notice and from engaging in any securities transaction at a time when its “Aggregate Indebtedness” exceeds fifteen times its “Net Capital” as those terms are defined by this Rule. As a result of this Rule, Company capital may be withdrawn only to the extent that net capital is in excess of required net capital, which in any event, may not be less than \$5,000.

At September 30, 2002, the Company’s “Aggregate Indebtedness” and “Net Capital” (as defined) were \$30,350 and \$78,529, respectively, and its net capital ratio was .39 to 1.0. “Net Capital” exceeded minimum capital requirements by \$73,529 at that date.

BEACON GLOBAL ADVISORS, INC.  
Notes to Consolidated Financial Statements (Continued)  
September 30, 2002

6. OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its sole clearing broker, Bear Stearns, on a fully disclosed basis. The Company has agreed to indemnify Bear Stearns for losses, if any, which they may sustain from securities transactions introduced by the Company. The receivable from Bear Stearns at September 30, 2002 relates to this clearance agreement. As of September 30, 2002, the Company was not in compliance with the net capital covenants of its clearance agreement. Bear Stearns has informed the Company that it intends to take no action relating to the violation of the covenant.

7. RELATED PARTY TRANSACTIONS

The Parent, from time to time, absorbs certain of the Company's operating expenses as determined by the Parent. The Company's operating expenses absorbed by the Parent are not subject to reimbursement and are excluded from expenses presented in the financial statements.

During the year ended September 30, 2002 the Parent did not reimburse the Company for any operating expenses.

The Company has a management agreement with its Parent ("the Agreement"). The Agreement provides for a management fee of up to 20% of the gross income derived from services provided by its parent to the Company's customers. The Parent, however reserves the right to bill the Company a management fee for these services. For the year ended September 30, 2002, no services were provided by the parent to Beacon's customers and accordingly no liability was incurred.

8. INCOME TAXES

At September 30, 2002, the Company recorded deferred income tax assets aggregating approximately \$159,000, arising from the net operating loss carry forwards of approximately \$636,000. A valuation allowance in the same amount has been recorded, since it is considered more likely than not that the Company will not realize all of the tax benefits. The Company has tax loss carryforwards which expire as follows:

Year Ending September 30,	Amount
2011	\$ 32,423
2012	105,035
2018	276,221
2019	203,581
2020	18,430

BEACON GLOBAL ADVISORS, INC.  
Notes to Consolidated Financial Statements (Continued)  
September 30, 2002

9. OPERATING LEASES

The Company is subject to a non-cancelable operating lease agreement for office space that expires on August 31, 2003. Rent expense for office space totalled \$89,851 for the year ended September 30, 2002. The Company has subleased additional office space from another tenant in the office building. The subleased space has subsequently been sub-subleased to an independent third party. The rent net of the sub-sublease payments received, are approximately \$500 per month and the sublease expires August 31, 2003. The future minimum lease payments on the office lease and net sublease for the year ended September 30, 2003 is approximately \$64,372 and \$5,500.

The Company also leases various office equipment under different non-cancelable operating lease agreements. Rent expense relating to these leases totalled \$11,596 for the year ended September 30, 2002. Future minimum rental payments under these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2003	\$ 9,951
2004	<u>9,951</u>
Total	<u>\$ 19,902</u>

10. CAPITAL LEASES

The Company leases furniture and equipment under two capital leases, which expire in 2003. Minimum annual lease payments related to these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2003	\$ 17,052
2004	<u>9,021</u>
Total minimum lease payments	26,073
Less: Amounts representing interest	<u>( 3,050)</u>
	<u>\$ 23,023</u>

In the computation of net capital, the capital leases are an allowable asset to the extent of the outstanding obligation balance per SEC Rule 15c3-1(c)(1)(VIII).

BEACON GLOBAL ADVISORS, INC.  
Notes to Consolidated Financial Statements (Continued)  
September 30, 2002

11. PENSION PLAN

The Company maintains a Simplified Employee Pension Plan (SEP) Plan, which covers substantially all employees. The Company made a contribution of \$2,050 for the year ended September 30, 2002.

BEACON GLOBAL ADVISORS, INC.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
September 30, 2002

## COMPUTATION OF NET CAPITAL

Total stockholder's equity	\$ 141,916
Deduct stockholder's equity not allowable for Net Capital:	<u>-</u>
Total stockholder's equity qualified for Net Capital	<u>141,916</u>
Deductions and/or charges:	
Non-allowable assets:	
Fixed assets	22,889
Other investments	3,300
Other assets	<u>37,198</u>
Total non-allowable assets	<u>63,387</u>
Net Capital before haircuts on securities positions	78,529
Trading and investment securities:	<u>-</u>
Net Capital	<u>\$ 78,529</u>

## COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness liabilities from Consolidated Statement of Financial Condition	
Accounts payable and accrued expenses	\$ <u>30,350</u>
Total aggregate indebtedness	<u>\$ 30,350</u>
Percentage of aggregate indebtedness to Net Capital	.39%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	0%

BEACON GLOBAL ADVISORS, INC.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
September 30, 2002

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital (6 2/3% of \$30,350)	\$ 2,023
Minimum dollar Net Capital requirement of reporting broker or dealer and minimum Net Capital requirement	\$ 5,000
Net Capital requirement	\$ 5,000
Excess Net Capital	\$ 73,529
Excess Net Capital at 1000%	\$ 75,494

RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORTComputation of Net Capital Under Rule 15c3-1

No material difference exists between the broker's most recent, unaudited Part IIA filing and the Annual Audit Report.

BEACON GLOBAL ADVISORS, INC.  
Computation For Determination of the  
Reserve Requirements Under Rule 15c3-3  
of the Securities and Exchange Commission  
September 30, 2002

The Company is exempt from the provisions of Rule 15c3-3 in accordance with Section (k) (2) (ii).

RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT

Computation for Determination of Reserve Requirements Under  
Exhibit A of Rule 15c3-3

No material difference exists between the broker's most recent, unaudited, Part IIA filing and the Annual Audit Report.



# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA

1514 OLD YORK ROAD  
ABINGTON, PA 19001

(215) 884-8460  
FAX (215) 884-8686

MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Beacon Global Advisors, Inc. and Subsidiary

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Beacon Global Advisors, Inc. (the Company) for the year ended September 30, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC) we have made a study of the practices and procedures followed by the Company including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications, and comparisons.
- 2) Recordation of differences required by Rule 17a-13.
- 3) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the NASD Regulation, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Abington, Pennsylvania  
October 22, 2002

  
Certified Public Accountants

**BEACON GLOBAL ADVISORS, INC.**  
**Consolidated Financial Statements**  
**and**  
**Supplemental Schedules Pursuant**  
**to SEC Rule 17a-5**  
**September 30, 2002**

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### FINANCIAL STATEMENTS

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### SUPPLEMENTARY INFORMATION

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